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8 March 1988

OCA 1765-8A

MEMORANDUM FOR: See Distribution

THROUGH: Douglas J. MacEachin
Director of Soviet Analysis

FROM:
Chief, Strategic Evaluation Division
Strategic Issues Group

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SUBJECT: Net Assessment Plans: An Update

1. The DCI and Secretary of Defense will submit to Congress this week their formal response to the "Nunn amendment" (see Attachment A). The legislation requires the Intelligence Community to conduct military net assessments (and required a formal plan by 1 March).

- The formal response proposes to involve the Intelligence Community in military net assessments that will be conducted primarily by the Joint Chiefs of Staff.
- It proposes five studies. Four are variations on the 1989 Military Net Assessment of the Chairman, JCS. The fifth is a Technical Net Assessment on low observables.

We expect that Congress will accept this plan and ask for additional detail.

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2. The DCI has chosen Major General Larry Budge, NIO/GPF, as his point-of-contact for Intelligence Community involvement in joint DoD/IC military net assessments.

- We expect that the NIO/GPF will task DI Offices to support JCS net assessment work, including to serve on working groups.
- The NIO/GPF probably also will ask DI Offices to provide representatives or points-of-contact for coordination tasks.

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3. The "Nunn amendment" also calls for greater effort on the part of the Intelligence Community, "and specifically the CIA," to assess Soviet views of relative military capabilities. In a separate communication to Congress, the DCI will state that the CIA will produce special "red" (Soviet-view) net assessment studies during FY 1989 and beyond (see attachment B). These studies would represent efforts beyond CIA's support to joint DoD/IC net assessments. SOVA and OSWR presumably will be responsible for these studies within the FY 1989 Research Program.



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Attachments:

- A. DCI/SecDef Plan for IC Support of Net Assessments
- B. DCI statement on special net assessment studies beyond CIA's support to joint DoD/IC net assessments.

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Calendar No. 247

100TH CONGRESS
1st Session

SENATE

REPORT
100-117

AUTHORIZING APPROPRIATIONS FOR FISCAL YEARS 1988 AND 1989 FOR INTELLIGENCE ACTIVITIES OF THE U.S. GOVERNMENT, THE INTELLIGENCE COMMUNITY STAFF, THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM [CIARDS], AND FOR OTHER PURPOSES

JULY 17 (legislative day, JUNE 23), 1987.—Ordered to be printed

Mr. NUNN from the Committee on Armed Services,
submitted the following

REPORT

[To accompany S. 1243]

The Committee on Armed Services, to which was referred the bill (S. 1243) to authorize appropriations for fiscal years 1988 and 1989 for intelligence and intelligence-related activities of the U.S. Government, the Intelligence Community Staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

PURPOSE OF THE BILL

S. 1243 would authorize appropriations and other matters for Fiscal Year 1988 and 1989 for intelligence activities of the United States Government, including certain Department of Defense intelligence-related activities within the jurisdiction of the Committee on Armed Services.

The Select Committee on Intelligence reported out the bill on May 20, 1987 and it was referred to this Committee under the provision of Section 3(b) of Senate Resolution 400, 94th Congress for a period of 30 days.

SCOPE OF COMMITTEE REVIEW

The Committee conducted a detailed review of the intelligence community budget request for Fiscal Years 1988 and 1989. This was the first year that the Administration and the Congress considered budget for the Department of Defense and the intelligence community is a two-year budget. The purpose of the two-year au-

thorization is to permit longer range planning within the Executive Branch, reduce turmoil caused by the annual budget process, and permit both the Congress and the Executive Branch to concentrate on issues of oversight and management and reduce the amount of time spent in the annual budget process.

The Committee has carefully reviewed the report of the Select Committee on Intelligence and has incorporated the relevant budgetary decisions of that Committee in the Defense Authorization Act for Fiscal Year 1988 and 1989 reported by this Committee on May 5.

AMENDMENTS AND OTHER MEASURES

The committee has considered and adopted one amendment and two additional measures.

COMMUNICATIONS SECURITY

The Committee supports the recommendation contained in the classified annex prepared by the SSCI that funds should be added to continue to improve communications security for certain domestic communications.

NET ASSESSMENTS BY THE INTELLIGENCE COMMUNITY

Net assessments provide a valuable source of information on the potential effectiveness of U.S. forces and weapons systems in hypothetical engagements with adversaries. In order to conduct such assessments, one requires detailed and accurate information on both foreign and U.S. weapons systems and tactics.

A small office exists in the Department of Defense to conduct and coordinate net assessments. This office, separate from the intelligence community, relies on data from the intelligence community relative to foreign weapons systems, as well as data from the military services and other DoD organizations on friendly forces. However, the results of these net assessments have been restricted primarily to the Secretary of Defense.

Up until 1981, there was some debate as to the extent to which the intelligence community should conduct or become involved in net assessments. Some have argued that while the intelligence community has expertise in foreign weapons systems and tactics, it lacks the requisite expertise and often the access to necessary data relative to U.S. forces. Further, it was argued that such analyses require a commitment of resources beyond what the community can afford without interfering with the overriding mission of foreign assessments. Proponents of intelligence community involvement have pointed out that the expertise and elaborate tools used by the intelligence community to evaluate and assess effectiveness of foreign weapons systems are equally applicable to U.S. weapons evaluations. Further, the involvement of the Intelligence Community would lend greater credibility to the results of net assessments. For example, in the acquisition of weapon systems, the service proponent of a particular weapon has the primary if not sole responsibility in assessing how well that weapon will perform against opposing threats.

In 1981, the Director of Central Intelligence and the Secretary of Defense agreed that they would jointly conduct net assessments in selected areas, and that DoD would provide the intelligence community with data on U.S. forces for use in these analyses. The most notable activity undertaken pursuant to this agreement to date, has been a joint net assessment of U.S. and Soviet strategic forces completed in 1983, and updated in 1985. However, these joint efforts have been very limited in number and scope. These efforts clearly could and should be expanded.

For example, it would be useful to have an independent net assessment of such strategic systems as the U.S. air-breathing systems against the Soviet Air Defense systems. This is particularly important given the well-publicized problems with the B-1B and the substantial investment yet to come in air breathing systems. Net assessments of key weapon systems will assist the executive branch and the Congress in making budgetary and programmatic decisions. Currently, the absence of such assessments means that very important decisions are often made without a complete or independent assessment of how these systems would fare in actual combat.

In June 1986, the Packard Commission recommended that the Department of Defense and the Intelligence Community expand its net assessment work. Specifically, the Packard Commission recommended that:

At the direction of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, with the assistance of the other members of the JCS and the CINCs, and in consultation with the Director of Central Intelligence, should also prepare a military net assessment that would:

Provide comparisons of the capabilities and effectiveness of U.S. military forces with those of potential adversaries for the Chairman's recommended national military strategy and other strategy options;

Reflect the military contributions of Allied Forces where appropriate;

Evaluate the risks of the Chairman's recommended national military strategy and any strategy options that he develops for the Secretary of Defense and the President; and

Cover the entire five-year planning period.

In the Goldwater-Nichols Defense Reorganization Act of 1986, the Chairman of the Joint Chiefs was given a new responsibility to perform "net assessments to determine the capabilities of the armed forces of the United States and its allies as compared with those of their potential adversaries" (10 U.S.C. 153(a)(2)(C), as amended by section 201 of P.L. 99-443.) This responsibility was added because the Congress believed that the Chairman should also have an enhanced role in net assessments.

The Committee believes that more involvement in specific net assessments by the Intelligence Community is a prerequisite for meaningful participation in the overall assessment of the national military strategy envisioned by the Packard Commission. The Committee is mindful, however, of the potential impact such involvement may have on resources and believes that intelligence commu-

nity participation should be structured so as to provide an alternative source of net assessment information for those Department of Defense weapons systems or plans judged critical.

Accordingly, the Committee directs the Secretary of Defense and the Director of Central Intelligence to develop a plan for the conduct of net assessments which allow for independent judgments by the intelligence community. The Committee believes that the following considerations should be taken into account in the development of this plan:

Intelligence community net assessments for the Department of Defense should be restricted to those areas judged critical to the overall effectiveness of U.S. national security policy, strategy, tactics or specific weapon systems. The plan should specifically identify and prioritize those areas selected for intelligence community participation and the reasons why they are judged "critical".

Given the resources associated with complex net assessments, the conduct of joint net assessments by DoD and the intelligence community, are acceptable. The plan should permit the intelligence community to have an equal role in establishing the parameters of the assessment and to arrive at independent conclusions based on the results. The process used in the preparation of national intelligence estimates is a useful model in this regard, including procedures for reporting dissenting opinions.

The completion of net assessments should be timed so as to provide maximum value in the decisionmaking process. The plan should set forth a timetable for initiation and completion of those net assessments identified for intelligence community participation.

Net assessments would be particularly valuable to senior officials involved in national security policy outside the Department of Defense in both the Executive Branch and Congress. The plan should provide a mechanism for dissemination of information on the results of net assessments to such officials. Further, appropriate senior officials should be consulted in the selection and prioritization of areas to be the subject of net assessments.

Furthermore, the Committee encourages the Intelligence Community, and specifically the CIA, to improve its analysis of how the Soviets view "the correlation of forces," which is the Soviet term analagous to net assessments.

The Committee requests that the plan be provided to the Armed Services, Intelligence, and Appropriations Committees of the House and Senate no later than March 1, 1988 with an implementation date as soon thereafter as practical but no later than October 1, 1988. The Committee will assess the plan as a basis for any further action in this area deemed appropriate.

UNDISTRIBUTED REDUCTIONS AND THE NATIONAL FOREIGN INTELLIGENCE PROGRAM

The Committee is concerned about the impact on the National Foreign Intelligence Program of undistributed reductions in the Department of Defense Authorization which might be required as a result of Congressional action. It is the intent of the committee that undistributed reductions applied in the Fiscal Year 1988 and

Fiscal Year 1989 Department of Defense Authorization Act, to appropriations accounts of the Department of Defense shall not be applied to elements of the National Foreign Intelligence Program contained in those accounts.

COMMITTEE ACTION

On July 14, 1987 the Committee on Armed Services approved the bill as amended and ordered it favorably reported.

EVALUATION OF REGULATORY IMPACT

In accordance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Committee, the Committee finds no regulatory impact will be incurred in implementing the provisions of this legislation.

CHANGES IN EXISTING LAW

In the opinion of the Committee, it is necessary to dispense with the requirements of Rule 12 of Rule XXVI of the Standing Rules of the Senate in order to expedite the business of the Senate.



NOTE TO: DCI

FROM: Dick Kerr

The Nunn ammendment also calls for the Intelligence Community, "and specifically the CIA," to improve its analysis of how the Soviets view relative military capabilities. With this in mind, I think it would be useful to add to the package the attached statement of what we plan to undertake this year in the way of "red" net assessments.

The CIA believes that analyses of the Soviet view of relative military capabilities should weigh heavily in military net assessments that consider the deterrent value of US forces. Accordingly, and in response to recent legislation, we propose that the CIA pursue at least three research projects in FY 1989 to produce special "red" net assessment studies, each of which would consider the Soviet view of relative military capabilities and the implications of this view for US policies:

- SSBN Survivability. We will analyze Soviet views on the survivability of US and Soviet SSBNs during a conventional conflict. The analysis will cover the next 10 years and address implications for US and Soviet force plans, such as US development of attack submarines.
- Strategic Nuclear Strike Capabilities. We will assess Soviet views on US and Soviet capabilities for strategic nuclear warfare. The analysis will cover the next 10 years and address arms control and deployment issues.
- Conventional Air War in Central Europe. We will depict Soviet views on air warfare capabilities in the first days of a conventional conflict in central Europe. The analysis will cover the next 10 years and address force deployment issues, such as tactical fighter deployment plans.

We chose these three topics because they clearly are relevant to US policy decisions and because they build on considerable work that already has taken place in our research program. In addition to these analyses, we will conduct selected technical net assessments of specific weapons' capabilities. We will consult other agencies in the course of our analyses and we will offer our studies as contributions to joint military net assessments undertaken by the OJCS and NIO/GPF, who could incorporate alternative views.

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We also propose to pursue additional net assessment projects during FY 1990/91. We recently submitted a New Initiative in part because we anticipate future studies of this type will not easily derive from prior accomplishments in our normal research program. And we believe that Congress wants a continuing effort along these lines.

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